

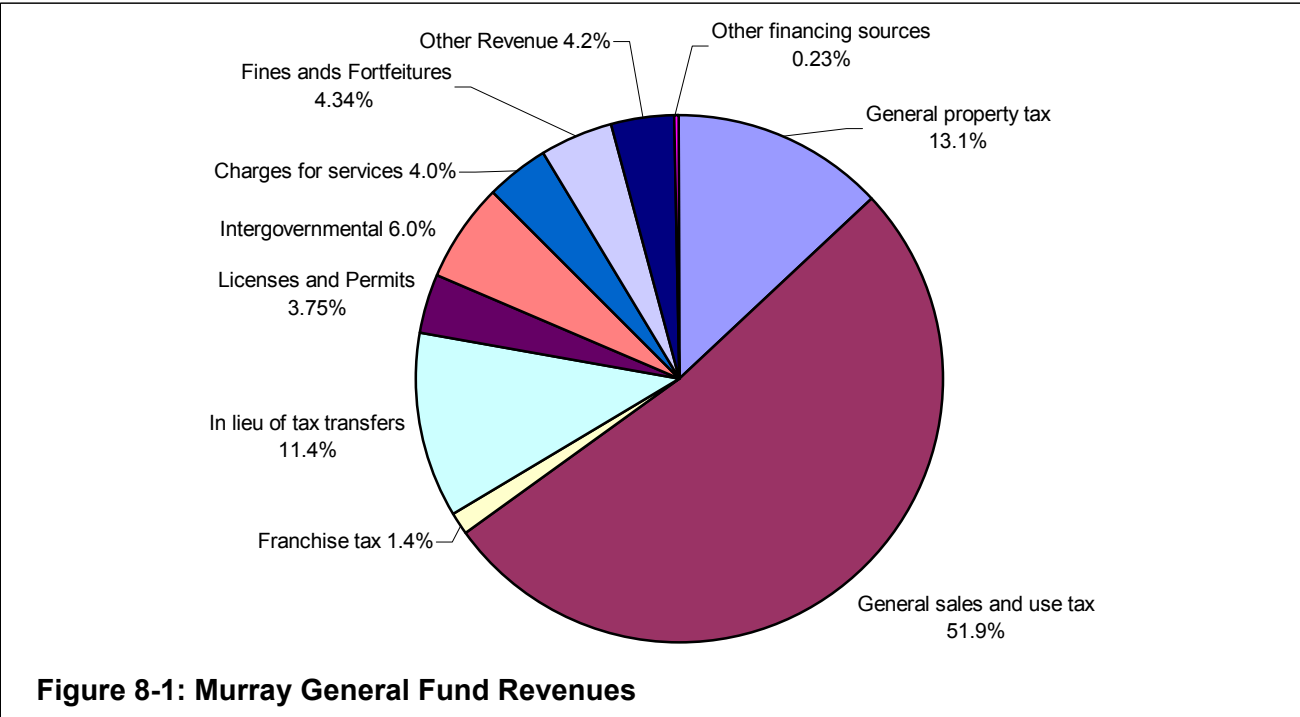
8 Economic Development

The Economic Development Element evaluates the current economic activity in the City and makes recommendations for future economic development initiatives.

Existing Conditions

Revenue Sources

Murray City’s 2001 budget generated revenues of \$24,069,690. The income from sales tax was by far the largest source of revenues for the City. Sales tax accounted for more than half (51.9 percent) of the general fund revenues. Property taxes also made up a substantial part of Murray’s income at 13 percent (see Figure 8-1).



Property Tax Base

The majority of Murray’s property tax revenue comes from residential property followed by retail and office property. Retail and office properties make up a total of 18.9 percent of the total market value for Murray but this greatly increases to 28.4 percent of the total taxable value. This is a result of nearly all residential property owners only being taxed on 55 percent of their property’s value.

Table 8-1
Property Values and Acreage by type

	MARKET VALUE		TAXABLE VALUE		AREA	
	Amount	% of total	Amount	% of total	Acres	% of total
Residential	\$2,040,067,700	60.3%	\$1,113,994,845	50.9%	269,164	50.1%
Industrial	139,952,900	4.1%	135,570,643	6.2%	23,756	4.4%
Commercial	184,929,300	5.5%	141,874,403	6.5%	37,075	6.9%
Retail	341,418,800	10.1%	333,605,005	15.2%	32,669	6.1%
Office	296,921,320	8.8%	288,949,983	13.2%	17,859	3.3%
Warehouse	98,186,120	2.9%	96,796,601	4.4%	20,918	3.9%
Vacant Residential	21,962,310	0.6%	13,245,101	0.6%	23,282	4.3%
Vacant Commercial	41,121,650	1.2%	41,004,233	1.9%	13,059	2.4%
Vacant Industrial	20,001,200	0.6%	19,897,475	0.9%	10,396	1.9%
Other	196,678,520	5.8%	5,142,935	0.2%	88,667	16.5%
TOTAL	3,381,239,820	100.0%	2,190,081,224	100.0%	536,845	100.0%

Source: Salt Lake County Assessor’s Office; Wikstrom Economic & Planning Consultants, Inc.

Murray City has a higher percentage of taxable property value from commercial and industrial properties than the average city in Salt Lake County. The taxable value of Murray’s residential property represents a significantly lower percentage of the City’s total taxable property value compared to the County average even though its percentage of total market value is only slightly below the average.

Table 8-2
Percentage of Total Property Value by Property Type

	% Of total value (market or taxable)	MURRAY	MIDVALE	SANDY	SOUTH SALT LAKE	TAYLORSVILLE	Average of SL County cities
Residential	% Market	60.3%	67.9%	75.8%	34.0%	77.3%	66.1%
	% Tax	50.9%	60.6%	72.2%	28.9%	75.3%	65.1%
Commercial	% Market	23.7%	18.2%	11.9%	18.4%	12.1%	11.7%
	% Tax	33.9%	28.6%	19.7%	28.1%	20.4%	18.1%
Industrial	% Market	6.9%	4.6%	2.1%	24.0%	1.0%	4.9%
	% Tax	10.4%	7.5%	3.3%	37.3%	1.7%	7.8%
Recreational, Open Space	% Market	0.3%	0.1%	0.3%	0.1%	0.3%	1.2%
	% Tax	0.0%	0.0%	0.3%	0.0%	0.1%	1.1%
Agricultural	% Market	0.0%	0.0%	0.1%	0.0%	0.2%	3.0%
	% Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
Government	% Market	1.5%	3.5%	3.0%	14.0%	2.4%	3.5%
	% Tax	0.1%	0.0%	0.1%	0.0%	0.2%	0.1%
Not for profit	% Market	3.9%	3.6%	4.2%	5.8%	5.3%	4.9%
	% Tax	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%
Vacant	% Market	3.3%	2.1%	2.6%	3.8%	1.5%	4.7%
	% Tax	4.7%	3.2%	4.2%	5.7%	2.3%	7.4%

Source: Salt Lake County Assessor’s Office; Wikstrom Economic & Planning Consultants, Inc.

Commercial Activity

Murray City experienced continued growth in total sales at an average annual rate of 1.8 percent throughout the 1990s. Since 1999, total gross sales have declined from \$1.4 billion to \$1.3 billion. Sales are not only declining in Murray but in Salt Lake County as a whole. Salt Lake County’s sales have declined 0.8 percent from 1999 to 2001 while Murray’s gross sales declined over 10 percent when adjusted for inflation over the same two year time period.

Despite the recent decline in sales, Murray City still maintains a strong commercial base. Murray City’s gross taxable sales per capita totaled over \$40,000 for the year 2000, more than double the County’s per capita sales of \$18,250. Murray’s 2001 gross taxable sales totaled over \$1.3 billion. Motor vehicle sales accounted for over 28 percent of the total followed by general merchandise retail sales and furniture sales comprising over 12 and 10 percent of total sales respectively. Figure 8-2 breaks down Murray’s total taxable sales for 2001 by percentage.

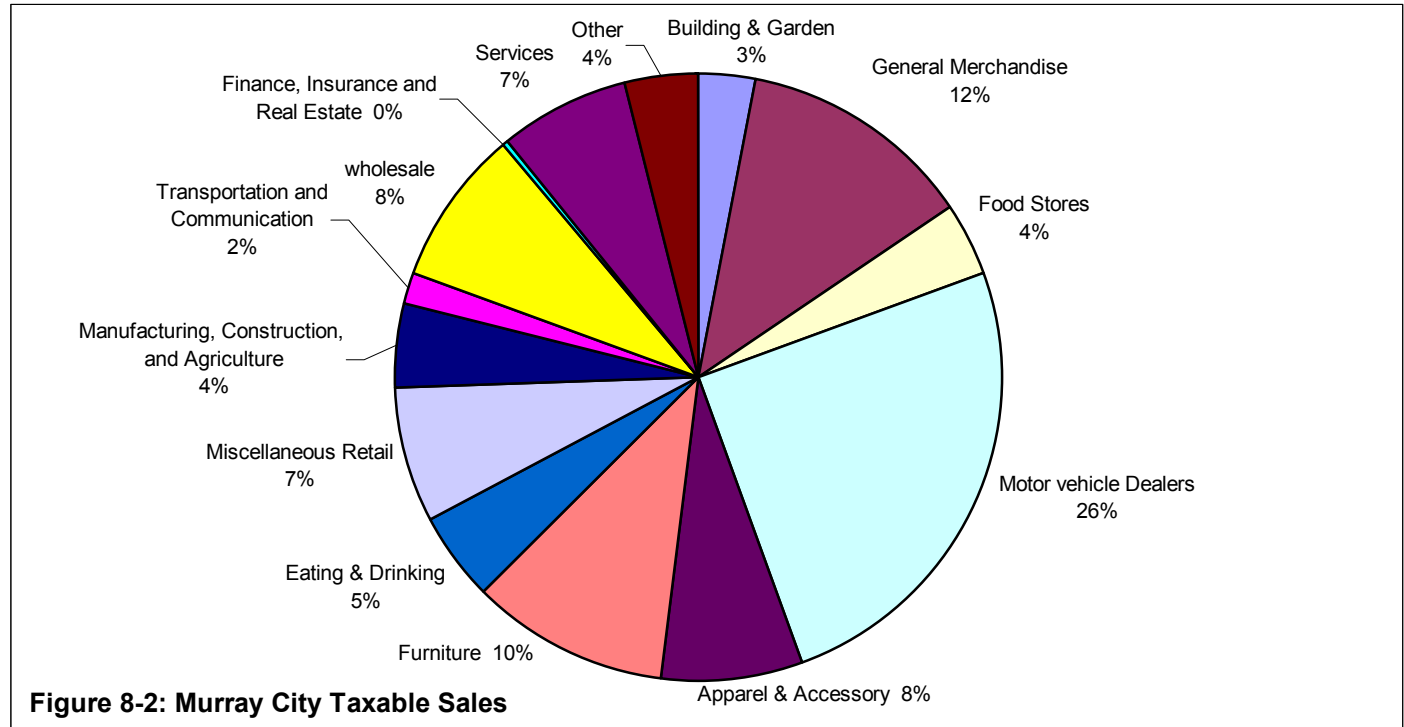


Figure 8-2: Murray City Taxable Sales

Leakage

A leakage analysis was conducted to determine the amount of consumer dollars that could be captured by Murray City that are currently being lost to businesses outside of city limits. Murray City consumers may be spending money elsewhere because certain types of establishments are unavailable to them or the existing commercial establishments in the area are not suitable in quality or quantity. The analysis allows us to see which commercial establishments are capturing consumer dollars and which ones are not. By determining which commercial categories have leakage, Murray City can assess the potential to recapture lost sales by adding new commercial establishments.

The Utah Tax Commission tracks direct sales by gross sales amount and by standard industrial classification (SIC) code. With the use of sales per capita in each category, the consumption patterns of Murray City are compared to the consumption of the average Utah consumer. The State’s per capita

expenditure in each commercial classification is calculated by dividing the category’s gross sales by the state’s population. In theory, Murray City residents should be spending as much as the average Utah consumer. The expected (potential) Murray City gross sales for each commercial classification is calculated by multiplying the state’s per capita sales in each category by the number of Murray City residents. This amount – expected sales – is then compared to the actual gross sales of the City in each category. If actual sales exceed expected sales, this particular commercial category is capturing more than what could be expected from Murray City households. Two things can be deduced from this; either Murray City residents are spending more than their Utah counterparts or non-city residents are spending their consumer dollars in the City. The latter is most likely the case. Conversely, if actual sales are less than expected sales, there is “leakage” in that category. In other words, Murray City residents are most likely spending their consumer dollars within these commercial categories outside of the City.

Murray City is capturing significant sales from other communities in most of the commercial categories. In particular, the apparel and accessory category is well represented, as well as the motor vehicle and furniture categories. Leakage is occurring in the entertainment and amusement and the hotels and lodging categories. Within the entertainment and amusement category, the motion picture theater segment shows the most leakage, losing over \$1 million in annual sales to surrounding communities. This is an opportunity that should be explored by the city.

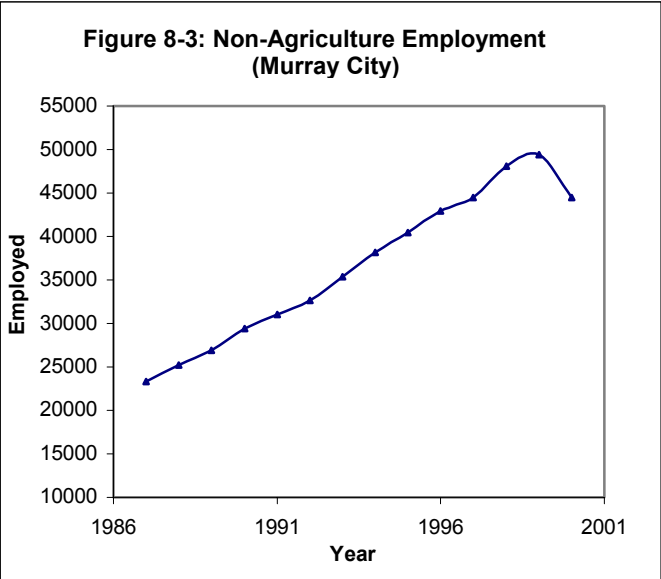
The following table lists the leakage for the major sales categories as well as for the theater sub-category. A negative leakage number represents the amount that Murray consumers spend outside of the City. A positive number or rate over 100 percent indicates that more consumer dollars are spent in Murray than what the City’s population spends. A negative number or rate below 100 percent represents fewer consumer dollars are spent.

Table 8-3
Leakage Analysis of Murray Sales

Category	Per capita leakage	Total leakage	Capture rates
Building & Garden	\$602.70	\$20,885,923	194.8%
General Merchandise	3,301.56	114,412,149	344.5%
Food Stores	81.47	2,823,361	105.3%
Motor Vehicle Dealers	8,358.15	289,643,332	637.5%
Apparel & Accessory	2,524.60	87,487,443	822.5%
Furniture	3,403.65	117,950,177	696.0%
Eating Places	1,024.21	35,493,118	220.8%
Miscellaneous Retail	2,476.60	85,824,143	383.5%
Hotels & Lodging	-53.88	-1,867,285	79.3%
Personal Services	44.94	1,557,501	149.7%
Business Services	75.06	2,601,241	114.9%
Auto & Misc. Repair	1,002.13	34,727,682	281.5%
Entertainment & Amusement	-34.67	-1,201,463	89.0%
Motion Picture Theaters sub-category	-41.64	-1,443,013	3.6%
TOTAL	22,806.53	-790,337,320	341.7%
Source: Utah State Tax Commission; Wikstrom Economic & Planning Consultants, Inc.			

Employment Activity

Murray has seen a steady increase in the number of people employed with a sharp decrease in only the last couple years (See Figure 8-3). From 1987 to 1999, average annual growth had been at 6.5 percent. Most of this growth is attributable to increases in the employment for the Services, Construction, and Finance, Insurance, & Real Estate (FIRE) Industries over this period. The year 2000 saw a sharp 10 percent drop in the number of employed, going from 49,400 to 44,500 according to the Department of Workforce Services. This decrease is mostly attributable to a decline of employment in the Services, Trade (wholesale and retail) and Manufacturing industries combined with declines or slow growth in all other industries.



The sectors with the largest employment base for Murray City are the Services and Trade industries. They comprise 34.6 and 24.7 percent of all Murray jobs respectively.

Table 8-4
Number of Employees by sector, 1991, 1994, 1997, 2000

year	1991	1994	1997	2000	Average annual % change 1991- 2000	Average annual % change 1997- 2001
Mining	19	35	11	6	-12.0%	-18.29%
Construction	2,434	3,049	4,350	4,744	7.7%	2.93%
Manufacturing	2,820	3,028	3,497	2,901	0.3%	-6.04%
Trans./Comm./ Public Util.	1,521	2,501	2,793	3,265	8.9%	5.34%
Trade	10,362	11,517	12,067	11,003	0.7%	-3.03%
FIRE	2,275	3,418	4,116	4,568	8.1%	3.53%
Services	10,260	12,720	15,088	15,395	4.6%	0.67%
Government	1,340	1,927	2,586	2,590	7.6%	0.05%
Total non-agricultural	31,031	38,195	44,502	44,472	4.1%	-0.02%

Source: Utah Department of Employment Security; Wikstrom Economic & Planning Consultants, Inc.

The development of a regional hospital will add substantially to these employment figures. It is estimated that the new hospital will add 4,500¹ employees over its first couple years of operation. The regional hospital is expected to begin operations in 2005 or 2006. It is also estimated that new corporate offices will employ over 750 individuals. Additional office development will also impact employment opportunities within the city.

¹ Estimates were obtained from a telephone interview with Cottonwood Hospital Administration on December 18, 2002

Economic Impact of Annexation

Murray City has a very strong commercial tax base. Compared to other cities in Salt Lake County, Murray’s commercial and industrial tax base is almost twice the average. Murray’s recent annexations will add 781 acres of residential land and 30 acres of commercial land to the city. This will reduce Murray’s ratio of commercial taxable value to total taxable value from 34 percent to 30 percent (see Table 8-5). Note, however, that this is still substantially higher than the average for all cities in the county. One way of addressing this change is through planning for more intensified use of areas that are already established as commercial zones.

Table 8-5
Economic Comparison: Pre/Post 2002 Annexation

LAND USE	COMMERCIAL/RETAIL/OFFICE	INDUSTRIAL	RESIDENTIAL	OTHER
Current Murray City (acres)	744.9	482.6	2,359.8	3,775.4
Taxable Value	\$743,194,535	\$227,183,305	\$1,113,994,845	\$105,708,539
Taxable Value as % Total	34%	10%	51%	5%
Average Taxable Value/Acre	\$997,700	\$470,763	\$472,075	\$27,999
Annexation Area (acres)	30.2	0.0	780.9	0.0
Total After Annexation (acres)	775.1	482.6	3,140.7	3,775.4
Estimated Taxable Value After annexation	\$773,325,061	\$227,183,305	\$1,482,635,618	\$105,708,539
Taxable Value as % Total	30%	9%	57%	4%
Salt Lake County Average	18%	8%	65%	9%

Goals and Policies

Goal: To expand commercial growth within the commercial core and designated strategic areas of Murray City as illustrated in Map 8-1.

Policy: Focus retail and business expansion efforts within the commercial core and strategic areas included in Map 8-1.

Implementation Measure: Identify any underutilized or undeveloped parcels located within Murray’s commercial core (estimated at 700 acres) and concentrate economic development strategies on these areas.

Goal: To increase the regional draw of Murray’s economy.

Policy: Take advantage of regional transportation systems by locating major traffic-generating uses at sites served by freeways, major highways and mass transit.

Implementation Measure: Relocate lower-value businesses that are near areas with high amounts of traffic so that these areas will offer opportunities for higher value commercial use.

Goal: Promote mixed-use developments that integrate residential, office and retail uses.

Policy: Support mixed use development proposals that provide for a well-integrated mix of residential with retail and/or office.

- Implementation Measure:* Identify sites that are suitable for mixed-use projects; target transit station areas for transit-oriented, mixed-use design.

Goal: Advance the economic health of all of Murray City including its commercial AND residential areas.

Policy: Support existing businesses and established commercial nodes.

Policy: Enhance the quality of residential neighborhoods.

Goal: To strengthen the City's medical related commercial activity.

Policy: Foster the interest and growth of hospital and medical related services and research.

Implementation Measure: Develop a plan that focuses on attracting health-care and biomedical related businesses that will complement current and future medical related developments.

Implementation Measure: Recognize the aging demographic of Murray and assure that a broad range of medical services for the elderly is created, including residential facilities.

Goal: To increase the number of consumers of Murray's retail businesses.

Policy: Establish a plan to increase the marketability of areas with a strong retail presence.

Implementation Measure: Identify the areas within Murray that have a strong retail presence. Plans should include the redesign and renovation of each area that is determined to be in need of improvement. Also, plans should include the improvement of pedestrian access to all Murray Businesses. Areas near residential zones should be designed to be pedestrian friendly.

Goal: To increase the utilization of land in Murray City.

Policy: Combine underused properties to make parcels that are "development ready." Redevelop underused land to make it fit for commercial or industrial use.

Implementation Measures: Combine properties that are underutilized for future development. Replace older residential structures and outdated commercial buildings with commercial developments that allow for higher utilization of the land, *while maintaining important historical structures*. Identify and redevelop areas that topographically are not suitable for commercial and industrial use into high-density residential areas.

Goal: To retain existing businesses within Murray City.

Policy: Improve business expansion and retention efforts.

Implementation Measure: Identify the areas that may experience high rates of turnover and focus expansion and retention efforts on these areas and offer assistance to businesses in meeting expansion needs.

- Goal:** Expand the types of businesses available in Murray City.

Policy: Expand the amount of entertainment, amusement and lodging opportunities in Murray City.

Implementation Measures: Target regional theaters/cinemas for locations in Murray. Develop a facility to host performing arts productions. Recruit a full-service hotel.

